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28 June 1956

CURRENT INTELLIGENCE WEEKLY SUMMARY



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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

MOSCOW REACTS TO CRITICISM

BY WESTERN COMMUNIST LEADERS Page 1

Pravda's republication on 18 June of an article by American Communist leader Eugene Dennis sharply critical of the Soviet regime's anti-Stalin campaign is an indication that Moscow considers the questions raised by Dennis and other Western Communist leaders legitimate. These leaders have expressed doubt that Stalin alone was responsible for the mistakes attributed to him and have raised the question of guarantees against a repetition of similar errors. The USSR may now be setting the stage for providing an authoritative answer within the framework of its new blueprint of a more independent relationship with the foreign Communist parties. Possibly for this purpose, a number of leaders of Western and Soviet-bloc parties have been summoned to Moscow this week.

SHEPILOV IN THE NEAR EAST Page 2

While Soviet foreign minister Shepilov has received a cordial reception in the course of his two-week tour of the Near East, the communiqués issued at the end of his stay in Egypt and Syria suggested that these countries were carefully examining the implications of Shepilov's visit in terms of their relations with the West. Shepilov, on his part, apparently refrained from making political commitments on either the Israeli or the Algerian question. Egypt has not, thus far, accepted Shepilov's favorable economic offers, nor have substantive results emerged from the foreign minister's negotiations with Syrian officials. Both Lebanon and Greece seemed ready to treat any Soviet offers with reserve. Despite the fact that Shepilov apparently did not enter into any specific agreements, the long-range impact of his trip probably will be to strengthen Soviet influence in the area.

GUATEMALA Page 5

Reacting to student demonstrations and alleging Communist plotting against the government, Guatemalan president Castillo Armas on 26 June proclaimed a 30-day state of siege. Castillo apparently retains the support of the army, but further disorders are likely as the second anniversary of Castillo's take-over from the pro-Communist Arbenz regime approaches.

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THE WEEK IN BRIEF

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PART II

NOTES AND COMMENTS

TITO'S VISIT IN RETROSPECT Page 1

President Tito has returned to Belgrade after three weeks of negotiations and sightseeing in the USSR. Relations between Yugoslavia and the USSR have been fully restored and Tito effected a considerable improvement in relations with Rumania while visiting Bucharest on his return trip. [REDACTED]

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ITALIAN COMMUNIST PARTY DIFFICULTIES Page 3

The publication of Khrushchev's "secret" speech on Stalin at the 20th Party Congress has forced Italian Communist leader Togliatti to take steps to stem the growing dissension within his party and the threat of defection by his Socialist ally Nenni. [REDACTED]

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USSR PUBLISHES
NEW STATISTICAL HANDBOOK Page 4

The new Soviet statistical handbook, National Economy of the USSR, which was published in early June for the first time since 1939, makes new information public on the size of the Soviet population, distribution of the labor force, agriculture and internal trade, capital investment and education. The release of the handbook reflects a partial relaxation of stringent security controls which had governed publication of Soviet economic data, particularly in Stalin's later years. [REDACTED]

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NEW SOVIET POPULATION FIGURES Page 5

The USSR's population is listed as 200,200,000 in the new Soviet statistical handbook. This is approximately 15,000,000 less than previously contained in most Western estimates. The new data show that Soviet manpower limitations are more severe than had been thought and will continue until the mid-1960's. The announced reduction of 1,800,000 in the armed forces, therefore, is prompted in large part by Soviet concern for the fulfillment of economic goals for 1960. [REDACTED]

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SOVIET AIR SHOW Page 7

Soviet technological skill and military strength are being stressed in displays for the benefit of the high-level foreign air delegations in Moscow for the Soviet air show. At a public reception, Khrushchev pressed for reciprocal arrangements for Soviet officials to attend exhibitions of equipment in the United States.

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ICELANDIC ELECTION Page 8

No group won an absolute majority in the Icelandic election of 24 June, but the marked gains of the Progressive-Social Democratic election alliance may encourage it to attempt the formation of a minority government under Progressive Party chairman Herman Jonasson, if a coalition with the Conservatives proves impossible. The Progressive-Social Democratic alliance campaigned against continuation of the NATO base, and any new government will be committed to seek a revision of the 1951 defense agreement with the United States in talks scheduled to begin on 1 August. [REDACTED]

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JAPANESE UPPER HOUSE ELECTIONS Page 9

Elections for Japan's House of Councilors, scheduled for 8 July, will determine the prospects over the next three years for constitutional revisions, including the legalizing of Japanese rearmament. The government party, in order to carry out these policies, must win control of two thirds of the upper house seats, enough for amendment of the constitution, which the Japan Socialist Party is seeking to block. [REDACTED]

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BURMA Page 11

Friction between former Burmese premier Nu and other leaders of the ruling Anti-Fascist People's Freedom League is reported increasing and could conceivably lead to the dissolution of the league. [REDACTED]

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NEHRU AGAIN BIDS
FOR MEDIATOR'S ROLE Page 12

Prime Minister Nehru's proposal for a negotiated settlement between France and the Algerian nationalists and his avoidance of any commitment in the Arab-Israeli dispute indicate a willingness to sacrifice some of his popularity among the Arab nations in order to develop further his position as a mediator in world quarrels. [REDACTED]

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BRITISH-MALAYAN DEFENSE TALKS Page 13

The British-Malayan defense talks which were adjourned on 5 June will be reopened in London, probably in July or early August. Malayan opposition is expected to continue over the British demand for unilateral determination of troop strength and deployment. Meanwhile, Malayan chief minister Rahman has publicly stated that he is not willing to consider a merger between Malaya and Singapore--an arrangement which the British had regarded as the only likely deterrent to Communist subversion in Singapore. [REDACTED]

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GROWING ECONOMIC DIFFICULTIES
IN FRANCE Page 13

The costs of Premier Mollet's social reforms in France and his military program in Algeria have placed his minority government in a difficult financial position and necessitated extraordinary taxes and borrowing. In view of the Algerian crisis, the National Assembly has thus far been unwilling to overthrow Mollet, but economic problems may become a major threat to his government. The considerable economic progress of the past two years is being slowed down. [REDACTED]

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CHINESE ANNOUNCE NEW OIL FIELD
IN SINKIANG

Page 14

The Chinese Communists have announced discovery of a new oil field at Karamai in the northwest Dzhungarian Basin of Sinkiang Province. The Communists claim that the field has reserves several times those of China's largest producing field at Yumen and that this region, as a whole, has reserves comparable to those in the Persian Gulf area. [REDACTED]

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CHINESE COMMUNIST
NATIONAL PEOPLE'S CONGRESS

Page 16

Peiping's strong emphasis on economic growth and rapid "socialization" of industry and agriculture has been the keynote of the National People's Congress which convened on 15 June. China's Big Five--Mao Tse-tung, Liu Shao-chi, Chou En-lai, Chu Teh and Chen Yun--all have participated, and the congress has revealed no shifts in the power relationships within the Chinese Communist leadership. [REDACTED]

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COMMUNIST CHINA RELAXES POLICY
TOWARD INTELLECTUALS

Page 16

Chinese Communist policy on intellectual freedom within the confines of party loyalty has taken a more liberal turn in recent months. This relaxation of policy follows the pattern of limited concessions to freedom of expression adopted in the USSR and the Eastern European Satellites. Thoroughly cowed since the prosecution of the writer Hu Feng last year, Chinese intellectuals will probably be cautious in taking advantage of their new "freedom." [REDACTED]

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PRESIDENT RHEE MOVES

TO STRENGTHEN GOVERNMENT PARTY

Page 17

Rhee has moved to revitalize the Liberal Party but apparently without directing attention to the basic discontent indicated by the strong opposition showing in the May election. Expulsion of dissenting assemblymen from the party has met with a mixed reaction. Further expulsions may be followed by voluntary resignations by Liberal Party assemblymen. [REDACTED]

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PART III

PATTERNS AND PERSPECTIVES

SOVIET-SATELLITE RELATIONS Page 1

Soviet control over the Satellites is in a process of change intended to make the Soviet bloc a more effective coalition and to make Soviet control less offensive to the peoples of the area and the Western world. The Soviet Union remains determined, however, to ensure in the Satellites a monopoly of political power for the Communist parties, so that these nations follow military, economic and foreign policies compatible with Soviet interests. The new Soviet program is a calculated risk. The USSR faces the problem of maintaining a balance between the need for liberalizing the old policies and the need to check the strong response to the easing of controls which has appeared in Eastern Europe. [REDACTED]

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THE ALGERIAN MILITARY SITUATION--

PART II: FRENCH FORCES Page 5

French forces in Algeria, now approaching a total of 400,000, are engaged in a double mission of protection and pacification. The major role is played by infantry units equipped with maximum firepower in modern small arms. Mobility is provided primarily by light armored vehicles and helicopters, while jet and piston fighters contribute tactical air support. French officials hope that these forces will be able to effect an improvement in the Algerian security situation by fall.

[REDACTED]

RECENT TRENDS IN SOVIET TRADE WITH THE FREE WORLD . . . Page 9

Soviet exports rose from \$505,000,000 in 1954 to \$644,000,000 in 1955, while imports dropped slightly to \$570,000,000. Following the abandonment of the earlier Soviet policy of limiting East-West trade, the Soviet economy has reached a stage where the USSR prefers to pay for its imports with exports of goods rather than with gold. Statistics for the first quarter of 1956 suggest that trade this year will follow the 1955 pattern of increase. [REDACTED]

PATTERNS OF SOVIET EXCHANGE PROGRAMS WITH INDIA. Page 10

The Soviet cultural and technical exchange program with India is the clearest example of Soviet tactics designed to win the confidence of industrially undeveloped countries. [REDACTED]

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PART I**OF IMMEDIATE INTEREST****MOSCOW REACTS TO CRITICISM BY
WESTERN COMMUNIST LEADERS**

The Soviet Communist Party newspaper Pravda this week re-published an article by Eugene Dennis from the 18 June issue of the New York Daily Worker sharply critical of the present Soviet administration in regard to the anti-Stalin campaign. American, British, Italian and French Communist leaders now have expressed doubts that Stalin was alone responsible for the mistakes attributed to his capricious aberrations and have requested that a profound "Marxist analysis" of the causes of degeneration in the functioning of Soviet democracy be made. They also broached the question of necessary corrections and guarantees against a repetition of similar errors.

Pravda's publication of the Dennis article probably indicates that the Soviet leaders are now prepared to answer the questions raised by the Western Communists. Having publicly informed their people of the critical questions being asked, they can hardly avoid a direct reply. Definitive answers to the questions may, in fact, be given to Western and Soviet bloc Communist leaders who have been summoned to Moscow this week. The regime's answer to the Soviet people might be delivered through a report of a plenum of the party's central committee or an editorial or lead article in the party press.

The Western criticisms serve to demonstrate the independence of the Western Communist parties from Moscow domination, and this is in the

long-range interest of both the USSR and the foreign parties. The critical remarks were probably also intended to divert, and in a measure calm, the ferment which has arisen among the party faithful as a result of the denigration of Stalin and the failure of Moscow to provide a definitive appraisal of Stalin's role in Marxist history.

To this extent, the queries are genuine. Similar, though less vocal, queries have probably been raised in the minds of the Soviet rank and file.

Approach to Answers

The Soviet leaders can deal with the question of guarantees against a repetition of a Stalin-like one-man dictatorship. They can point to the establishment of "real" collective leadership, the humbling of the secret police and the regularization of justice, moves toward decentralization of the administrative bureaucracy and a reinvigoration of party democracy. They might perhaps emphasize these measures by announcing a new, dramatic step in the same direction, such as a reform of the electoral system to provide the voters with two or more candidates from which to choose. This may take place, as already rumored, at the Supreme Soviet session scheduled for 11 July.

The demand for a Marxist analysis of how Stalinism came to be, however, is more difficult to answer. The question

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involves two very embarrassing problems.

One of these is the role of the present Soviet leaders in supporting or at least acquiescing in Stalin's mistakes for such a long period of time. The explanations Khrushchev gave in his secret speech--fear and lack of knowledge of what was going on--are not, even from the Soviet point of view, entirely satisfactory. They will probably try to slur over this question as best they can and concentrate on the second question, which is even more basic for the Western Communist parties, that is, how a society organized on Marxist principles could spawn an oriental despotism such as admittedly existed in the USSR from 1934 to Stalin's death.

The Soviet leaders may decide to place their emphasis on what they have done to right the wrongs committed by Stalin and to create a regime of law, order and justice. They may be able to create an answer in the ever-flexible Communist dialectic sufficient to calm the clamor arising in the Western Communist parties and provide an ideological base for dealing with the "bad" period of Stalin's reign.

Soviet ideologists may, for example, attempt to get out

of their dilemma by arguing that Stalin fell into error because he improperly understood and applied Marxist-Leninist principles, not because these principles themselves were erroneous or inoperative. Where he relied on the party's "collective wisdom," he developed a correct policy, as in the case of industrialization and collectivization, but distortions of Marxism-Leninism resulted when he ignored the party.

Thus, it may be argued, the validity of Communist dogma and the party's infallibility have remained intact. This will be, however, only a partial solution, since it leaves unanswered the questions of how a "distorter" of Marxism can come to dominate the "infallible" party and how it can be determined when the party's "wisdom" is being invoked.

The Soviet leaders, beyond any such philosophical explanation, may seize on Togliatti's suggestion that hostile "capitalist encirclement" demanded the maintenance of "unity of political leadership" by "exceptional means" and that Stalin's fault lay in illicitly extending this system when it was no longer necessary. The present leaders would then have to admit, however, that they were "politically blind" until it was too late to do anything about it.

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SHEPILOV IN THE NEAR EAST

While Soviet foreign minister Shepilov has received a cordial reception in the course

of his two-week tour of the Near East, the communiqué issued at the end of his stay in Egypt

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and Syria suggested that these countries were carefully examining the implications of Shepilov's visit in terms of their relations with the West. Shepilov, on his part, apparently refrained from making political commitments on either the Israeli or the Algerian question.

Egypt has not, thus far, accepted the favorable Soviet economic offers, nor have substantive results emerged from Shepilov's negotiations with Syrian officials. Both Lebanon and Greece seem ready to treat any Soviet offers with reserve. Despite the fact that Shepilov apparently did not obtain any specific agreement, the long-range impact of his trip will probably be to strengthen Soviet influence in the area.

Egypt

During his six-day sojourn in Egypt, Shepilov concentrated in private talks on pressing Prime Minister Nasr into accepting an expansive offer on the Aswan dam and other projects, and, in public, on advancing Soviet-Arab friendship and vigilance against imperialism. He apparently did not make any political concessions to the Egyptians either on the Palestine or the Algerian question, nor did he attempt to persuade the Egyptians to accept closer political ties in the form of a friendship treaty or treaty of guarantee.

25X1 [redacted] told Nasr that the USSR would support any UN move toward a peaceful settlement in Palestine, and that while the USSR would support the Arabs should they take the Algerian question to

the Security Council, it did not think the move would be a useful one.

Cautious Reaction

Official Egyptian reaction to Shepilov's visit appears to be somewhat cautious. All reports agree that Nasr has not accepted the Soviet offer of \$400,000,000 in sterling credit repayable in 60 years for financing the Aswan dam, or alleged offers to buy up all Egyptian cotton, to cancel Egypt's debt for Soviet bloc arms already delivered, and to build a steel mill and other factories. If Nasr does accept any or all of these offers, the most likely occasion would be his visit to Moscow, tentatively scheduled for August.

The Egyptians appear to be weighing both the economic and political implications of Shepilov's visit in terms of their relations with the West. The Egyptian ambassador to the United States, Ahmed Hussein, has said in Cairo, and the American embassy there tends to agree, that Egyptian doubts about an overly close dependence on the Soviet Union are increasing. Shepilov's blasts at "dark imperialist forces" trying to poison relations between peoples and his warnings against the machinations of "oil monopolists" were somewhat out of tune with Nasr's speeches, which seemed to emphasize the need to "get to work" now that the victory over "imperialism" had been won.

Moreover, the bland communiqué issued on 22 June reaffirming friendship, professing agreement on political, economic and cultural co-operation, and voicing a desire to promote

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international peace appears to reflect Egyptian drafting. The Egyptian foreign minister had said he hoped the communiqué would not be received badly in the West.

Syria

Shepilov arrived in Damascus on 22 June and during his three-day visit managed to fire off a good many attacks on the West and the Baghdad pact. Possibly owing to the prolongation of the Syrian cabinet crisis, no substantive results came out of Shepilov's negotiations with Syrian officials. It appears he spent much of his time listening to Syrian positions on issues such as Palestine and Algeria and specific Syrian economic needs. Syrian hopes to the contrary, however, he stuck to generalities of Soviet support for "just Arab causes" without mentioning Israel, and apparently kept his offers of economic assistance very broad.

Arabs. [REDACTED]

The joint communiqué issued on 25 June was very like the Soviet-Egyptian communiqué in stressing friendly relations, the need for economic co-operation and a cultural agreement, and interest in strengthening universal peace. The communiqué also noted Syrian president Quwatli's acceptance of a Soviet invitation to visit the USSR.

Syrian reaction to Shepilov's visit, according to the American embassy in Damascus, has been on a more rational plane than was expected. Popular demonstrations apparently were ruled out either by the Syrian government or by the local Communists themselves.

Lebanon

The effect of Shepilov's arrival in Lebanon on 25 June was somewhat offset by the announcement of a large US grant to aid Lebanese highway and airport development.

Economic Aid

The Lebanese press reported that Shepilov's role was that of sympathetic listener to Lebanon's economic problems and that he made no fixed offers.

Arms Offer

said the USSR was willing to continue supplying arms to the

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Greece

In Athens, where Shepilov will make his last stop between 28-30 June, the Greek government also anticipates that he will offer "something in the economic and cultural field," as well as support Greek demands that Cyprus be allowed early self-determination. He may take the opportunity to discuss with Greek officials the new British plan for a Cyprus settlement.

Lebanon, however, while continuing to be diplomatically correct in its relations with the Soviet Union and probably receptive to opportunities to increase trade, is very unlikely to tie its fortunes to the USSR by accepting either economic grants or arms.

On political issues, Shepilov continued to side-step repeated efforts by Lebanese officials to extract the Soviet attitude on the Arab-Israeli situation and on Algeria.

However, the Greeks are attempting to keep Shepilov at arms length, emphasizing the unofficial nature of his visit and rebuffing a Soviet suggestion that Shepilov lay a wreath on the tomb of Greece's unknown soldier. Nevertheless, like Egypt, Greece cannot dispose of its surplus products in the free world, and is therefore vulnerable to Soviet offers.

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GUATEMALA

Reacting to student demonstrations and alleged Communist plotting against the government, Guatemalan president Castillo Armas on 26 June proclaimed a 30-day state of siege. Castillo apparently retains the support of the army, but further disorders are likely as the second anniversary of Castillo's take-over from the pro-Communist Arbenz regime approaches.

Background

In his two years in power, Castillo has been unable to satisfy many of the frequently conflicting demands of his original supporters and has lost

some of his popularity among the people as well. In March of this year he returned the country to constitutional government, but the May Day labor rally, at which inexperienced union leaders were harassed by a clique of leftists and Communists, highlighted his failure to satisfy worker aspirations for certain rights enjoyed under the two previous administrations.

On the other hand, the army's "Liberation" faction, a group of conservative officers who were close to Castillo during the 1954 revolution, have been critical of his moderate policies. This faction, however, has been weakened by the dismissal or

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reassignment of key members
and Castillo apparently retains
the support of the armed forces.

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Apparently fearing hostile demonstrations on the anniversary of the revolution against the Ubico dictatorship on 25 June 1944, the government on 24 June decreed a "state of alarm," involving considerable curtailment of constitutional rights. It justified this action with allegations of Communist plotting. A student demonstration later that day resulted in several arrests.

On 25 June several hundred university students, including leftists and pro-Communists, attempted a march on the presidential palace to protest the events of the previous day, and in the resulting violence the police killed several students, injured a number more and arrested over 150. Early on 26 June the government proclaimed a 30-day state of siege, which is virtually equivalent to martial law.

The government security chief has announced that the student demonstrations were planned to coincide with acts of sabotage by Communists and other demonstrators to create a state of confusion. In this situation, he added, exiles were scheduled to enter the country from Mexico toward the end of June to collaborate in an armed movement against the Castillo administration.

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Recent Disorders

Apparently to demonstrate government strength in the face of rumors of "trouble" expected in late June and early July, the administration party announced on 17 June it had become the "party of force, of combat and of organized violence when our enemies ask for it." This "new look" was evidently designed to consolidate the party's position with rightist and anti-Communist groups, which have long complained that the government was too tolerant with its enemies, but it will not enhance the party's general popularity.

On 23 June Castillo told American ambassador Sparks of his concern over the increasingly hostile behavior of Communists, leftist students and intellectuals. He also remarked that his supporters had become impatient with his tolerance.

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In the present tense situation, Castillo, who seems fearful of assassination, apparently retains army support

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[REDACTED] Ambassador Sparks reported on 26 June that the student shootings would not be forgotten and warned to anticipate a chain reaction which might "undermine the prestige and even the stability of the president and his government."

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PART II

NOTES AND COMMENTS

TITO'S VISIT IN RETROSPECT

President Tito has returned to Belgrade after three weeks of negotiations and sight-seeing in the USSR. Friendly relations between Yugoslavia and the USSR have been fully restored both between the governments and the Communist Parties, and Tito also brought about a considerable improvement in similar relations with Rumania while visiting Bucharest on his return trip.

Moscow and Belgrade seem well satisfied with the results of the visit, and an expansion of relations is likely in the future. Yugoslavia has not, however, entered into any agreement which would limit its ultimate independence of action.

Bohlen's Views

Ambassador Bohlen believes the USSR has effectively healed the breach with Tito that had posed a threat to the solidarity of the Communist world. In Bohlen's opinion, unless the USSR changes its line or overplays its hand, the Yugoslavs will increasingly "line up with the Soviet column."

Soviet acceptance of Yugoslav theories concerning relations of Communist countries and left-wing parties may lead to changes in Moscow's relations with other Communist countries and result in the termination of direct Soviet control. Nevertheless, Bohlen warns that such a development might not be an "unalloyed advantage to the West," as shown by the fact that when Tito was convinced his independent position and equal status would be respected, he chose to identify himself largely with the policies and aims of the Soviet world.

Yugoslavia will presumably further develop its own contacts with the "progressive movements" of the world, and attempt to foster relations between free world Socialist parties and Communist parties of the Sino-Soviet bloc. The party declaration Tito signed last week in Moscow will become the accepted pattern for furthering ties with the Communist states, and Tito may try to sell Nehru and Nasr when they meet next month in Yugoslavia the merits of having a similar understanding among all progressive movements.

Points of Disagreement

Despite the aura of harmony that surrounded the Moscow trip, there are indications that Tito found certain aspects of it not completely to his satisfaction.

Undoubtedly concerned over the effect his trip would have in the West, he was probably disturbed over Soviet attempts to place him in an embarrassing position in his relations with the West. Marshal Zhukov, despite Tito's statements to the contrary a few days earlier, hinted at the possibility of some secret Soviet-Yugoslav military agreement. Tito's views on the Middle East expressed in his final speech and their omission from the final governmental communiqué suggests that he was unable to reconcile them with those of the USSR.

Shortly before leaving Moscow, Tito reportedly was still concerned over the future course of events within the USSR. He is by no means sure that the younger Soviet leaders will continue the new policies of liberalization when they supplant the older members of the Soviet

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presidium; he fears they may revert to the Stalinist methods in which they have been trained. Regardless of any changes in Soviet attitude, it seems unlikely

that Tito, given the choice, would choose to return to a state of sole dependence on the USSR.

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ITALIAN COMMUNIST PARTY
DIFFICULTIES

The publication of Khrushchev's "secret" speech on Stalin at the 20th Party Congress has forced Italian Communist leader Palmira Togliatti to take steps to stem the growing dissension within his party and counter the possible threat of defection by his Socialist ally Pietro Nenni.

Following release of the Khrushchev speech on 4 June, it was clear that the rank and file of both parties were seriously disturbed, with Togliatti's party facing a crisis. The 12 June meeting of the Rome provincial Communist central committee reportedly was marked by an "unprecedented" tone of complaint and dissension. The Italian Communist hierarchy itself is disturbed, but has put off making a final decision on how to treat the new line on Stalin until after the next party congress--probably in October, although July is mentioned as a possible date.

Serious Division

Togliatti has felt previous ripples on the surface of his party in conflicts between "conciliatory" and revolutionary factions in Communist ranks. A new and serious division is now apparent, however, with pro-Stalinists objecting to the new line and new questioners urging greater party democracy. The party is facing more basic problems than ever before. There is as yet no public criticism of Togliatti by prominent Italian Communists, as was the case in 1955 and early in 1956.

Togliatti's problem is twofold: to appear to move his own position far enough toward the center parties to keep Nenni from exploiting either recent electoral successes or ideological questions raised by the Khrushchev speech; and at the same time to stay at the extreme left of the Italian

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political spectrum and thereby avoid complete disorientation of the Communist rank and file.

Nenni's Criticism

In recent statements on the Khrushchev speech, Togliatti and Nenni seem to be vying with each other. On 16 June Togliatti charged that the present Soviet leadership was responsible, along with Stalin, for perversion of the Soviet system, but Nenni, on the following day, went further and seemed to criticize the Communist system itself. In a 24 June article, Nenni insisted on the need for "democracy" in the Soviet state, and threw out lures both to the Democratic parties and to Togliatti's own following.

Since 1952 Togliatti has been obliged to consider Nenni a potential rival for the leadership of the entire Italian left--a danger increased by the gains made in the local elections in May by Nenni's party at the Communists' expense. In early June, moreover, Nenni's

negotiations with the Democratic Socialists broke down on the issue of his ties with the Communists.

Togliatti apparently delayed his 24 June report to his party's central committee until he could study Nenni's article of the same date, and the report he gave seems to be an effort to take a position as close to Nenni's as Communist Party exigencies permit.

He did, however, indicate a distinct nervousness over a possible break with Nenni in the statement: "With the Socialist Party we have achieved a high degree of unity, establishing in agreement with it that unity of action which remains a fundamental conquest of the Italian working and laboring masses. The whole movement toward Socialism would suffer profoundly if the unity-of-action pact should be--I won't say lost, but attenuated or weakened. We are striving that this should not come about."

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USSR PUBLISHES
NEW STATISTICAL HANDBOOK

The new Soviet statistical handbook, National Economy of the USSR, which was published in early June, makes public some new economic and social data. The handbook, 252 pages long, contains valuable new information on the size of the Soviet population, distribution of the labor force, agriculture and internal trade, capital investment, and education. It contains slightly more information than the last similar volume, which was published in 1939, but only one third as much

as an earlier edition issued in 1936. The new handbook contains little information on the heavy and defense industries, state reserves or finance.

The release of economic information in the Soviet Union is officially controlled by the State Secrets Act of 1947. In addition to explicitly prohibiting the issuance of data on subjects closely related to defense, this act gives wide discretionary power to the USSR Council of Ministers over the

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release of all types of economic information. During the last years of Stalin's life the issuance of useful information almost stopped, although since 1953 the flow has increased. The publication of the new handbook and harsh criticism of the scarcity of industrial statistics in a recent Pravda editorial indicate that the State Secrets Act will be administered more liberally in the future.

The present Soviet leaders apparently feel that a partial relaxation of the stringent security which surrounded the

handling of economic data prior to 1953 will benefit economic planning and research within the USSR. Pravda has pointed out that the middle and lower-level officials who had to formulate economic plans in each industry were often the very ones without access to the information necessary for realistic planning.

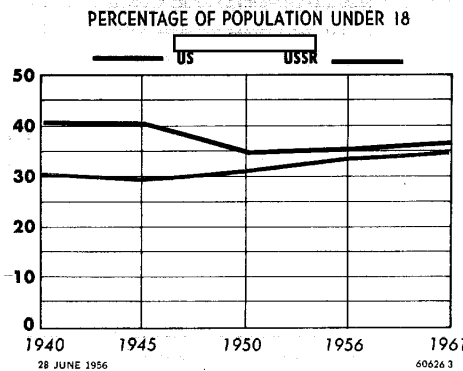
The frontispiece of the new handbook states that it is to be followed by others, some of which will contain data on regional economic developments.

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NEW SOVIET POPULATION FIGURES

The USSR's population is listed as 200,200,000 in the new Soviet statistical handbook. This is approximately 15,000,000 less than in most previous Western estimates. The new data show that the Soviet manpower shortage is more severe than had been thought and will continue until the mid-1960's. The announced reduction of 1,800,000 in the armed forces is prompted in large part by Soviet concern for the fulfillment of economic goals for 1960.

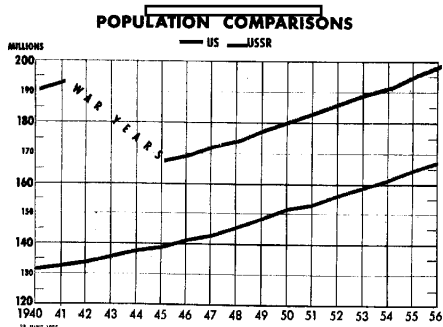
The handbook provides the first official statement of the



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USSR's population since 1939. The population figure, in the absence of any census since that year, is itself an estimate and may be on the low side. (The forced labor population may not be included in the official estimate.) Undoubtedly the Soviet population estimate is of the right order of magnitude, and past Western analyses have: 1) underestimated net losses during the war, which now appear to have been extremely high--about 26,000,000; 2) overestimated the number of forced laborers; 3) overestimated the postwar rural birth rate.

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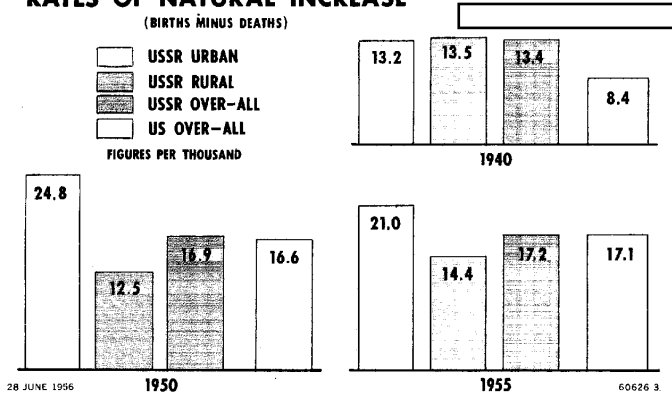
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RATES OF NATURAL INCREASE

(BIRTHS MINUS DEATHS)

■ USSR URBAN
 ■ USSR RURAL
 ■ USSR OVER-ALL
 ■ US OVER-ALL
 FIGURES PER THOUSAND



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The net increment to the labor force during the Sixth Five-Year Plan (1956-60), if the first armed forces reduction of 640,000 is included, is expected to be approximately 7,600,000, which would meet planned requirements for new workers (about 6,600,000 needed) and allow for a 1,000,000 increase in

collective farmers in the same period.

In rural areas, the effects of the migration of young people to the city, collectivization, and the war resulted by 1955 in an annual rate of natural increase (births minus deaths) of 14 per thousand, compared with 21 in the cities. By 1955, rural schools had 8,000,000 fewer students in grades one through four than in 1940. The rate of increase for the USSR as a whole is about 17 per thousand, equal to that of the United States.

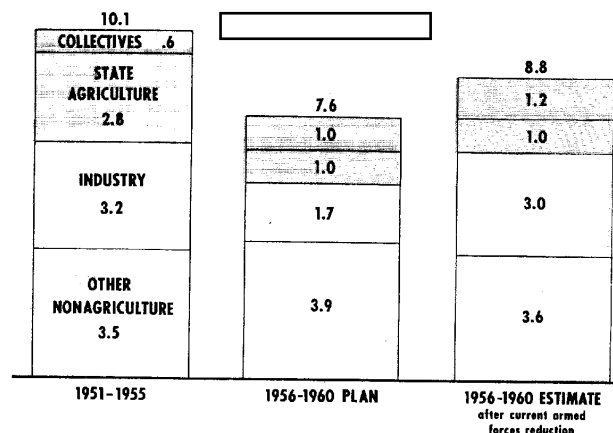
The further addition to the Soviet labor force of the proposed 1,200,000 personnel from the armed forces will materially assist the achievement of the goals for 1960 in industry and of reasonable progress in agriculture. Specifically, the expected shortfall in industrial productivity and the planned reduction in the workweek will require a larger labor force than indicated in the Sixth Five-Year Plan.

The Soviet government is faced not only with a tighter

War losses, low birth rates and a drop in the annual death rate from 18.3 per thousand in 1940 to 8.4 in 1955 have produced a population much older than previously thought. By 1961 the number of people 18 years and over will be 30 percent greater than in 1940, while the group through 17 will have just reached the 1940 level. The younger group is now about the same percentage of the total as it is in the United States, and is 10,000,000 less than in 1940. As a consequence, the number of young people entering the labor force during the next two or three Five-Year Plans will be smaller than previously estimated.

USSR: ADDITIONS TO THE LABOR FORCE

(MILLIONS OF WORKERS)



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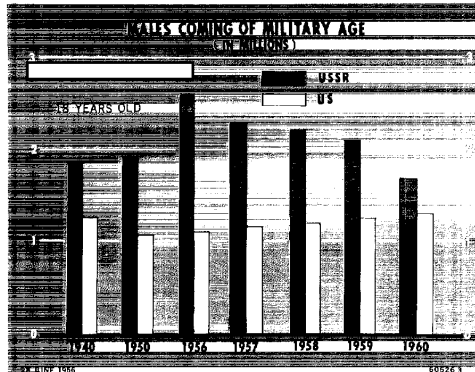
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labor market during the next five years but also with a decline in the size of military-age classes. The number of males reaching 18 is expected to fall from 2,600,000 in 1956 to about 1,700,000 in 1960, and will probably remain low during the Seventh Plan (1961-65).

The new population figure shows that the Soviet consumer is better off than had been thought. Total per capita consumption, previously thought to be 20 percent above 1928, is actually about 33 percent above, and per capita food consumption, estimated to have declined 15 percent since 1928, has actually dropped only 5



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percent. Thus, the cost to the consumer of forced industrialization since the war, though great, has been overestimated.

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SOVIET AIR SHOW

Soviet technological skill and military strength are being stressed in displays for the benefit of the high-level foreign air delegations in Moscow for the Soviet air show on 24 June. The primary emphasis of the show itself was on defensive aircraft types with only limited numbers of long-range bombers participating.

One of the Soviet aims in inviting the foreign delegations probably was to press the Western powers to reciprocate with similar invitations to Soviet military officials. Khrushchev made this clear at the reception, when he offered to show the American air force officers some missiles if they would let Soviet officers see the latest American aircraft. The USSR probably also considers that the visit of General Twinning will lay the groundwork for an eventual American invitation to Marshal Zhukov, particularly since the USSR extended the original invitation to include the rest of the Joint Chiefs of Staff.

Among the new aircraft displayed in the aerial parade were a twin-engine turbo-prop transport, three versions of a delta-wing fighter, two modifications of the FLASHLIGHT all-weather fighter, which appeared last year, and a new day fighter similar to the FARMER. FARMERS, FLASHLIGHTS and helicopters appeared in mass formations. However, in contrast to last year's show, only small flights of BEAR turbo-prop heavy bombers, BISON jet heavy bombers and TU-16 jet medium bombers were observed.

Adverse weather conditions prevented the mass parachute drop which is the traditional climax of the show, and may have prevented the appearance of a new four-engine jet transport, possibly designated the TU-114, and a new heavy bomber which Zhukov had forecast.

Three additional new aircraft were observed on the ground during a visit to Kubinka

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airfield the following day. Most impressive was a new twin-jet light bomber, which the USSR claims is supersonic. This aircraft had appeared in a practice fly-by but did not participate in the show. Also on display at Kubinka were a new twin-jet ground attack aircraft and a single-engine turbo-prop naval attack aircraft. There is no

evidence of the appearance of these aircraft in Soviet air units.

Although the BISON, the TU-104 and other known Soviet aircraft types were also on display, the new aircraft flown in the parade were not shown. General Twining was permitted to inspect only the TU-104.

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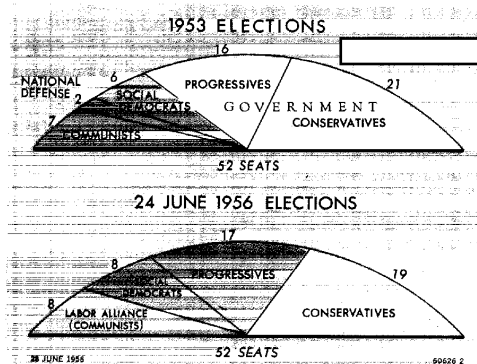
ICELANDIC ELECTION

No group won an absolute majority in the Icelandic elections of 24 June, but the marked gains of the Progressive-Social Democratic election alliance may encourage it to attempt a minority government under Progressive Party chairman Herman Jonasson if a coalition with the Conservatives proves impossible. The Progressive-Social Democratic alliance campaigned against continuation of the NATO base, and any new government will be committed to seek a revision of the 1951 defense agreement with the United States in talks scheduled to begin on 1 August.

Final but unofficial election returns show diverse trends in the popular vote. The Conservatives, who favored a "go slow" policy on the base issue, lost two seats, but gained 5 percent more of the popular vote than they polled in 1953. The popular vote of the largely agrarian Progressives fell 6 percent, despite their gain of one seat. The Communist-dominated Labor Alliance polled 3 percent more of the popular vote than had the Communists running alone in 1953.

Protracted Negotiations

Negotiations for a new government are likely to be

ICELANDIC PARLIAMENT

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protracted in the present situation which was described by the American embassy in Reykjavik on 27 June as "chaotic." One complicating factor is the possibility that the Conservatives may challenge in parliament the legality of certain seats gained by the Social Democrats in their election alliance with the Progressives.

Jonasson will probably attempt to form a minority government with his Social Democratic allies if this proves necessary to achieve his long-standing ambition to regain the premiership. Such a government would require either Conservative or Communist support on various issues.

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The scope and nature of the changes sought in the defense agreement will depend largely on the orientation of the new government, but also on the extent to which the non-Communist parties--with the campaign over--may now adopt a more moderate and realistic attitude toward the base. Just before the election, Iceland formally requested the North Atlantic Council's views on the military importance to NATO of the Keflavik base and its ancillary installations. In a postelection comment, Foreign Minister Gudmundsson of the Progressive Party said he was willing to permit the Keflavik base to remain if maintained by Icelandic and American technicians.

Actually, the most serious problem facing a new government is the condition of Iceland's economy. This issue was overshadowed in the campaign by the popular appeal of the base issue. During the past several years the country has suffered from a growing inflation and a gradual decline in its trade with the West, in large part the result of the high prices of Icelandic fish and fish products, its chief export. Concurrently, there has been an increasing dependence on trade with the USSR, which in 1955 replaced the United States as Iceland's principal export market.

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JAPANESE UPPER HOUSE ELECTIONS

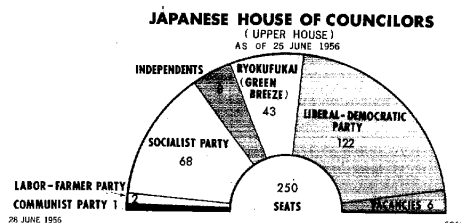
Elections for Japan's House of Councilors (upper house), scheduled for 8 July, will determine the prospects over the next three years for constitutional revision, including the legalizing of Japanese rearmament. The government party, in order to carry out its policy, must win control of two thirds of the upper house seats, necessary for amendment of the constitution, while the Japan Socialist Party seeks control of one third of the upper chamber to block such revision.

Popular Support

The outcome of the elections will not directly affect the tenure of the present government, questions of confidence in the administration being the prerogatives of the lower house, from which the prime minister and cabinet are selected. Although the powers of the upper house are relatively limited, the election returns will tend

to indicate the amount of popular support for the policies of the administration.

The campaign for the triennial election of one half of the 250 members of the upper house and to fill two vacancies, officially began on 12 June to the tune of mutual party recriminations and the usual campaign oratory. The Liberal Democrats and the Ryokufukai (Green Breeze) will have to elect 81 members out of approximately 135 running if the government is to control the two-thirds majority necessary for constitutional revisions.

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Conservative Strengths

Aside from the question of amending the constitution, the election should be significant in determining the relative political strengths of the competing conservative factions in their struggle for control of the Liberal-Democratic Party and government. To date, the faction surrounding Prime Minister Hatoyama, which favors a quick Soviet peace settlement, has been restrained in its struggle for dominance by fear of precipitating a party split. Should the elections, however, indicate wide public support for the government, Hatoyama might consider it a popular mandate to place his adherents in power, reorganize the cabinet and top party offices, and conclude an early peace agreement with the Soviet Union.

Prospects for success of the conservatives in the election will be influenced by popular dissatisfaction over continued infighting for control of the party and government, the prime minister's enfeebled physical condition, plus public indignation over the government's recent attempt to gerrymander election districts in favor of the conservatives. The conservatives may enhance their election prospects should they provide, prior to the election, a popular solution to the problem of relations with the USSR and meet growing demands for trade with Communist China.

Socialist Handicaps

The Socialists will be handicapped by adverse popular reaction over their violent tactics in the Diet and traditional loyalties to local conservative bosses in rural areas. Rank-and-file labor dissatisfaction over the outcome of last spring's politically inspired strikes may cut into Socialist

support from organized labor. The Socialists' disadvantage arising from the violence in the Diet, however, may be offset by the government party's use of police to restore order.

Socialist chances of success are likely to be further enhanced by their exploitation of recent announcements of American intentions to requisition additional land on Okinawa for military use and the related issue of American long-term base rights in Japan. These issues, which have aroused Japanese irredentism over the Ryukyus to fever pitch could jeopardize the government party's chances for a two-thirds majority in the upper house.

Communists

The Communists had hoped to run 49 candidates but have withdrawn 15. It is likely that the 34 will be further reduced prior to election day. The Communists are seeking co-operation with the Socialists for a "united front," aimed at blocking conservative plans to amend the constitution. Socialist leaders on the national level, however, have firmly rejected the Communist overture. A few local Socialist groups have accepted, but it is unlikely that any significant number more will do so.

Should the conservatives win a two-thirds majority of the upper house seats, it is likely they would move to carry out their plans for a constitutional revision, the legalization of the armed forces, and the establishment of a defense ministry. Socialist control of one third of the chamber, however, would block a constitutional change. In any event, the government will likely move to normalize relations with Moscow and increase trade with Communist China without, however, jeopardizing relations with the United States.

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BURMA

Reports from Rangoon since U Nu's resignation on 5 June indicate that his departure from the government was far from voluntary and that feeling between the former premier and the Burma Socialist Party, which now dominates the ruling Anti-Fascist People's Freedom League (AFPFL) and thereby the government, is becoming increasingly acrimonious. Minister of the National Economy Kyaw Nyein, who shares control of the Burma Socialist Party with Premier Ba Swe, is reported to have stated that animosity between Nu and himself had reached the point where there was no longer room in Burma for both of them.

Nu is reported hurt and bitter over the Socialists' acceptance of his offer to resign, and is determined to wrest control of the AFPFL from them. As president of the league, Nu apparently intends to purge it of corruption and "foreign stooges," as well as to promote his own personal following. To these ends, he has already issued a lengthy "call to cleanliness."

For their part, the Socialists are moving rapidly to consolidate their hold on the machinery of the government. As a first step, they are

reportedly weeding out Nu's many supporters in the working levels in the government and are moving to limit the influence of the Bureau of Special Investigation, which served Nu as a private investigative unit for rooting out corruption.

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Friction between Nu and the Socialists could break into the open if the former prime minister's recent anti-corruption edicts are seriously enforced. For instance, Nu has ordered all cabinet members to declare their personal property holdings and sources of outside income and to stop gambling.

A new modus vivendi between Nu and the Socialists is by no means out of the question, but present maneuverings could eventually lead to the dissolution of the AFPFL, which would benefit only the Communist opposition.

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**NEHRU AGAIN BIDS
FOR MEDIATOR'S ROLE**

Prime Minister Nehru's proposal to negotiate a settlement between France and the Algerian nationalists and his avoidance of any commitment in the Arab-Israeli dispute indicate a willingness to sacrifice some of his popularity among the Arab nations in order to develop further his position as a mediator in world quarrels.

Nehru's stopovers in the Middle East on his way to Europe provided the opportunity for the Arabs to express their resentment over Indian policy.

Just after Nehru's visit to Damascus on 21 June, a high official of the Syrian Foreign Ministry told an American official that Nehru was risking loss of Arab support for his leadership of the Asian-African bloc by his stand on Israel and Algeria.

Conscious of Pakistan's announcement on 19 August that

it planned to urge active American and United Nations intervention in the Algerian problem, Nehru went to considerable length to defend his Algerian proposal in a public speech in Damascus. It is doubtful, however, if Nehru was very successful in dissipating the bitterness among the Arabs which resulted from Krishna Menon's vigorous but unsuccessful efforts in early and mid-June to block an Asian-African appeal to the UN Security Council on Algeria.

Nehru, aware of the cool Arab attitude toward him, will probably be careful not to antagonize the Arabs further by overtures to Israel. However, in view of his preoccupation with his own role as a preserver of peace in the world--which has already led him to compromise his strong anticolonial principles in an attempt to end the growing violence in Algeria by any means--Indian influence among the Arab states is likely to continue to be limited.

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BRITISH-MALAYAN DEFENSE TALKS

The British-Malayan defense talks which were adjourned on 5 June will be re-opened in London, probably in July or early August. It appears probable that Britain will decide to meet most Malayan objections and that a "watered-down" version of the present draft treaty will ultimately be signed.

Under the projected treaty, the external defense of Malaya following its achievement of independence in late 1957 or shortly thereafter will be provided for, and Britain will be enabled to discharge international commitments, including those connected with SEATO. Britain also desires to retain exclusive right over determining the strengths and deployment of of troops in Malaya.

Chief Minister Rahman, who will lead the Malayan delegation, has argued that if he agreed to such a treaty, his government would be accused of having won independence, only to hand it back. The failure of the Singapore self-government

talks in May on the related subject of British responsibility for that colony's internal security may also have added to Rahman's sensitivity.

Rahman has also disagreed on the use of the term Southeast Asia in designating Britain's area defense responsibility. He said his government could not afford politically any phraseology indicating Malaya's adherence to SEATO prior to its full independence. Rahman has stated privately that he personally favors post-independence affiliation with SEATO but that even after 1957 he will still be forced to consider political implications.

Meanwhile, Rahman has apparently dealt another blow to British plans by publicly announcing on 19 June that a merger between Malaya and Singapore "is not in my mind." The British have looked forward to such an arrangement as the only likely deterrent to increasing Communist subversion in Singapore.

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GROWING ECONOMIC DIFFICULTIES IN FRANCE

The costs of Premier Mollet's social reforms in France and his military program in Algeria have placed his minority government in a difficult financial position and necessitated extraordinary taxes and borrowing. In view of the Algerian crisis, the National Assembly has thus far been unwilling to overthrow Mollet, but economic problems may become a major threat to his government.

When Mollet took office in January, an inflationary trend was already under way. His problems have since been accentuated by political and economic pressures and by the

broadening military effort in Algeria. He felt obliged almost immediately to satisfy demands from his own Socialist Party for increased social benefits, but at the same time he recognized the necessity of stepping up the investment rate to maintain continued expansion in production as key industries reached maximum output with existing facilities.

Military costs in Algeria, which have reportedly risen from the equivalent of \$1,000,000 to \$2,500,000 a day, will further enlarge the 1956 budgetary deficit, already estimated at \$2.8 billion. While Mollet has sought

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new taxes to finance increased old-age pensions, Finance Minister Ramadier doubts they will be sufficient to cover the costs.

The government is striving to contain the inflationary trend by reducing normal civil expenditures, and by holding down prices on basic food items and coal through tax relief and subsidies. The price index has, however, almost reached the point at which a new round of wage increases will be legally mandatory. Ramadier has frozen prices, but despite these efforts, the new expenses appear to be slowing the considerable economic progress of the past two years.

The severe winter and the present upward price trend have helped worsen France's foreign exchange position. The trade deficit for 1956 is expected to reach the equivalent of \$650,000,000, compared to the 1955 figure of \$100,000,000, which was covered by American aid receipts. While dollar expenditures of American troops in Europe will continue, there will be a sharp

decline in receipts from off-shore purchases--which amounted to about \$260,000,000 last year--and also from Indochina aid still not received.

France's deficit in the European Payments Union, generally increasing since last November, reached \$515,000,000 by 31 May, partially because of the need for a high level of imports to keep industrial production at its current peak. Owing to this trade imbalance and the fall off in dollar aid, the Ministry of Finance now expects gold and dollar reserves to decline some \$400,000,000, or 20 percent, in 1956. Borrowing from the Bank of France--not resorted to since 1953--hence seems unavoidable.

The Algerian crisis has so far restrained the development of opposition in the assembly, but mounting government costs, new taxation, and signs of new inflation make Mollet's economic policy an increasingly attractive target for rightist attack.

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CHINESE ANNOUNCE NEW OIL FIELD IN SINKIANG

The Chinese Communists have announced discovery of a new oil field at Karamai in the northwest Dzhungarian Basin of Sinkiang Province. Peiping claims the field has reserves several times those of China's largest producing field at Yumen, in Kansu Province. The new field is being intensively developed and a continuing program to expand refining facilities at Wusu is under way to process additional crude oil from northern Sinkiang oil fields.

The Chinese also claim that this region has reserves comparable to those in the Persian Gulf area.

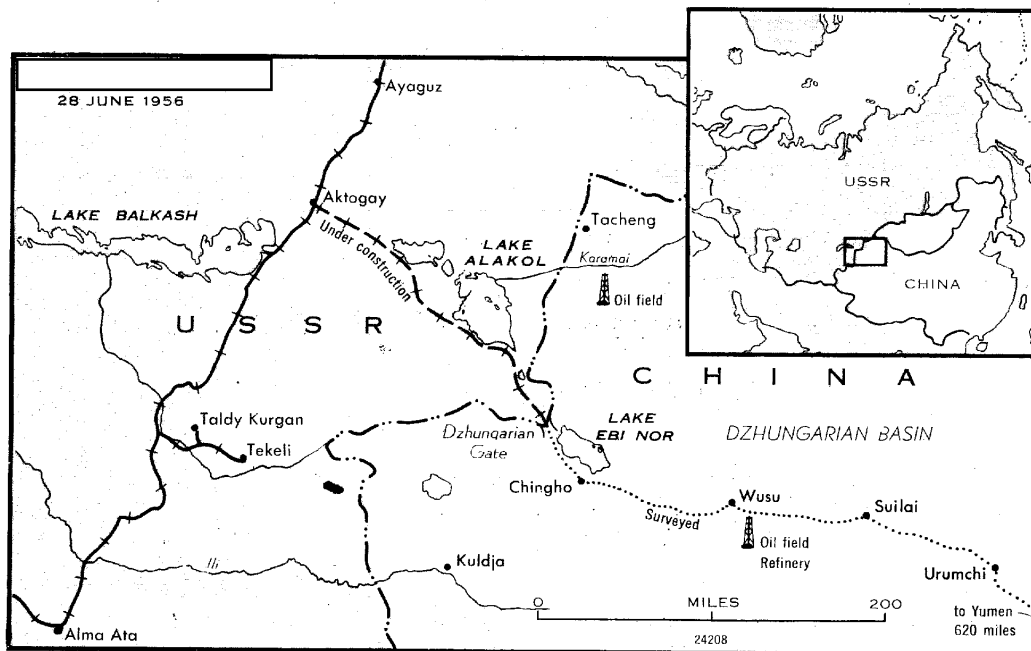
First mention of the reportedly vast Karamai field was made to China's National Petroleum Conference during the middle of May 1956, but exploratory drilling had actually begun in the fall of 1955, with the first oil being struck in December. Several dozen wells have now been sunk, at least six of which the Chinese claim are producing.

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Throughout the region of the Sinkiang strike--several thousand square miles--profuse oil seepages have long been reported, as they have in Tsinghai Provinces' Tsaidam Basin, where intense petroleum development work is also under way.

To expedite development of the Karamai field, the Chinese have already begun large-scale construction of workers' quarters, office buildings, storage and transport facilities, and have allocated some 600 trucks to support this project. Some 2,000 road construction workers and technicians have already arrived at Karamai, and telephone lines and a new 150-mile heavy-duty road to Wusa are being built.

The Karamai field is located along one of the four alternate routes originally

considered for the trans-Sinkiang railroad. The fact that the route through the Wusu-Tushantze field and refining center was selected now raises the possibility of a future rail spur or alternate rail line to northwest Sinkiang and to the main Turkistan-Siberian system in the USSR.

Development of China's oil resources reflects the growing demand for petroleum products required for the industrialization program. China now meets about half of its petroleum requirements through domestic production, and by the time the dieselized trans-Sinkiang line is able to service the oil fields of northern Sinkiang (1959 or 1960), their production may reach significant proportions, providing both China and the USSR with another valuable source of oil supply deep in the interior of Asia.

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**CHINESE COMMUNIST
NATIONAL PEOPLE'S CONGRESS**

Peiping's strong emphasis on economic growth and rapid "socialization" of industry and agriculture has been the keynote of the National People's Congress, which convened on 15 June. China's "big five-- Mao Tse-tung, Liu Shao-chi, Chou En-lai, Chu Teh and Chen Yun--all have participated, and the congress has revealed no shifts in the power relationships within the Chinese Communist leadership.

Under the constitution, the National People's Congress is the highest organ of government and corresponds to the USSR's Supreme Soviet. Legally, it is empowered to amend the constitution, enact laws, elect and remove top government officials, and decide on the national economic plan and on questions of war and peace. Actually, like the Supreme Soviet, its legislative functions are largely ritualistic, but it does provide Peiping with a forum in which to disclose the main lines of Chinese Communist policies and plans.

A special feature this year has been an effort to make a show of "democracy in action," with the result that there has been more discussion by delegates who profess to disagree with minor aspects of proposals before the congress.

By far, the strongest emphasis at the congress has

been on economic achievements and planning. Peiping is clearly intent on hastening the "transition to Socialism." Deputy Premier Chen Yun told the congress that, except in a few border areas, all capitalist industry and commerce had now come under joint state-private ownership. He repeated previous Chinese assertions that the "peaceful" transformation of industrialists and traders is an "event unprecedented in history."

Some 110,000,000 peasant households--91.2 percent of all peasant households in China--have joined farm co-operatives, the speakers disclosed. Over 74,000,000 households, 61.9 percent of the total, are enrolled in Soviet-style collectives. Peiping "expects" another upsurge this winter and next spring, when most of the remaining peasants will join collectives.

References by the non-Communist minister of health to the need for popularizing birth control suggest that Peiping is disposed to face the realities of its overpopulation problem. So far, no Communist official has publicly urged birth control, presumably because the orthodox Marxist-Leninist view affirms that "pre-Socialist" forms of social organization, rather than population pressure, are responsible for poverty.

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**COMMUNIST CHINA RELAXES POLICY
TOWARD INTELLECTUALS**

Communist China's policy on intellectual freedom within the confines of party loyalty

has taken a more liberal turn in recent months. This relaxation follows the pattern

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of limited concessions to freedom of expression adopted in the USSR and the Eastern European Satellites.

China's new attitude toward intellectuals reverses the position taken during the campaign against writer Hu Feng last year. Outspokenly critical of party demands for ideological conformity, Hu was accused first of "bourgeois idealism" and subsequently tried on charges of counter-revolutionary activity.

The proceedings at a party conference on intellectuals in January gave the first indication that Peiping is attempting to win more willing cooperation from the intellectuals. At this conference Chou En-lai called for the full use of the talents of intellectuals, which he described as the "most precious property of the state," and also demanded an end to the policy of "closed-doorism," which denied many intellectuals the privilege of party membership. Chou's call for measures to "transform" the ideological and political views of intellectuals made it clear, however,

that the regime expected ideological conformity.

The next step, relaxation of the insistence on ideological conformity, was taken on 2 May, when Mao Tse-tung declared that a policy to "let diverse schools of thought contend" must be followed in academic research. Three weeks later, Lu Tine-i, chief of the party's propaganda department, acknowledged before a gathering of Chinese writers, artists and scientists that restrictions on freedom of intellectual thought resulted in the stagnation of academic development. Such ideological heresies as "idealism" would now be permitted, Lu declared, although he warned that the struggle against counter-revolutionaries must continue.

The relaxation seems to have been initiated by higher party levels rather than to have resulted from pressure from the intellectuals. Thoroughly cowed since the Hu Feng case, Chinese intellectuals will probably be cautious in taking advantage of their new "freedom."

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**PRESIDENT RHEE MOVES
TO STRENGTHEN GOVERNMENT PARTY**

Following a period of inactivity after the May elections, President Rhee has moved to revitalize the Liberal Party. His address to the recent party convention, which included an admonishment to the members not to abuse their power, represents Rhee's first oblique acknowledgment of a need for reform within either the government or the Liberal Party.

Rhee's personal appearance at the convention was unprecedented, and reflects the importance he attaches to the party as one of his principal means of control. Rhee's convention remarks may foreshadow an effort to ameliorate postelection discontent in the interest of bolstering the party's position; they do not indicate any substantial shift in policy.

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Shortly after the elections, President Rhee reshuffled top police officials, rewarding those who had turned out Liberal Party majorities. Since that time he has turned his attention to party affairs, apparently without directing attention to the discontent which underlay the strong opposition showing in the elections. Party leaders themselves have been reported concerned over the president's failure to take steps to alleviate popular dissatisfaction, and attribute this to their lack of direct access to Rhee.

President Rhee's success in obtaining the re-election of Yi Ki-pung as assembly speaker, despite considerable opposition to Yi from both within and without the party, reflects the party members'

reluctance to oppose Rhee on any important matter. In addition, the party remains divided between factions in and outside the assembly, and between pro-Yi Ki-pung and anti-Yi Ki-pung groups within the assembly.

The Liberal Party at present controls 129 of the 203 seats in the National Assembly. However, accentuated intra-party factionalism was reflected in the recent expulsion of six Liberal Party assemblymen for failing to support Yi's re-election as speaker.

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PART III**PATTERNS AND PERSPECTIVES****SOVIET-SATELLITE RELATIONS**

Soviet-Satellite relations, which appear to have become more egalitarian, are still in a process of evolutionary changes designed to make ultimate Russian control of Eastern Europe more effective, more productive, and less offensive to the peoples of the area and to the Western world.

Changes to date have resulted in the disappearance or disguise of many of the more overt and offensive examples of Soviet imperialism and the grant of greater freedom in internal policy matters to the Eastern European governments. More consideration has been given national traditions, and the master-servant relationship has been appreciably altered.

Soviet and Satellite leaders are feeling their way cautiously in this changed situation. No precise limits appear to have been set on how far the process of liberalization is to go. Moreover, only general directives appear to have been issued by the Russian leaders concerning how the process of liberalization in Soviet-Satellite relations is to be carried out.

Evolution of the Policy

Soviet controls in the Satellites have been relaxed gradually in the three years since Stalin's death. The USSR sold its interests in its joint companies to Bulgaria, Hungary and Rumania and thus did away with one particularly obvious form of Soviet imperialism and exploitation. Soviet technicians and advisers were withdrawn and those remaining were given instructions closely defining their areas of responsibility and were directed to

adopt a "correct" attitude toward Satellite officials. At the same time, the USSR began to encourage the Satellites to develop their economies as dictated by local conditions and capabilities, although within the framework of broad economic plans established by Moscow.

Last summer, Soviet leaders at a session of the plenum of the central committee of the CPSU discussed the broad question of Soviet-Satellite relations. According to Khrushchev, several failures in Soviet relations with the Satellites in the past had derived from the USSR's unwillingness to take account of legitimate nationalist feelings, which he believed should be more tactfully handled. Mikoyan and other speakers made the same point. Mikoyan pointed out that by its behavior the USSR had undermined the unity of the Communist world.

In reference to Poland, Bulganin and Kaganovich brought out that Soviet ambassadors to the Satellites had been guilty of gross interference in internal Satellite affairs. Molotov was forced to admit his errors in supporting the hard Stalinist form of relationship.

Moscow Visitors

One of the more important steps taken by the Russian leaders has been to start--at least as early as two years ago--treating as "equals" Satellite party officials visiting Moscow.

In March 1954, the Polish party on its own initiative dispatched a delegation to Moscow to confer with Soviet party officials on the revision

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of methods in controlling security and intelligence work that had been adopted in the USSR following Beria's execution. The mere act of taking such initiative is something the Poles would never have done in Stalin's time.

During its month-long stay, the delegation was signally honored. It was granted a hearing by the CPSU presidium. Members of the delegation were allowed to contact various CPSU organs and functionaries both in the central party organs and in the provinces. The leaders of the delegation were treated as equals by the high Soviet party officials they met and as VIP's by subordinate officials.

Changes Foreshadowed

In the summer of 1955, the Soviet leaders on a number of occasions let it be known to Western officials that changes would be made in Soviet-Satellite relations which would be satisfactory to both Western and Soviet interests. They added always, however, that time would be needed.

On 2 June of that year, the final communiqué following the Khrushchev-Bulganin talks with Tito stated that "the different forms of the development of socialism are the exclusive business of the peoples of the respective countries." This was followed by an editorial in the September 1955 issue of Kommunist, the theoretical journal of the CPSU, which stated in part "each of the countries (has) originality in the concrete forms, methods, means and also in the tempos of socialist transformation."

New Freedom

Under the broad ideological theses enunciated at the 20th Party Congress, the Satellite leaders found that they had greater leeway in formulating their internal policies.

Because of this, the Satellite parties have been able to accede to certain of the demands for greater internal freedoms that have been pressed by various elements in some of the Satellite parties for the past few years. These demands probably were stimulated in part by the revision of the postwar Satellite purge trials and the rehabilitation of their victims, actions probably undertaken only on the direct order of Moscow.

Unimaginative conformity is now discouraged and independent and imaginative thinking and planning is encouraged. Problems in some cases are now discussed between Moscow and the Satellites and mutually acceptable solutions arrived at instead of direct edicts being issued by the Soviet leaders. Moscow, moreover, no longer seems to be particularly interested in how the Satellites decide to handle a specific problem as long as the solution does not violate certain general principles already agreed on.

Changes in the channels and methods of transmitting Soviet instructions to the Satellites have been altered considerably and have probably given the Satellite Communists a psychological boost since they imply trust and a certain degree of respect.

New Channels

During the Stalin era, almost all matters pertaining to Soviet-Satellite relations and Soviet interest in the Satellites were handled through the resident Soviet ambassador in each Satellite capital. The ambassador, who has been aptly described as a proconsul, was even used for the transmission of orders concerning party matters.

Under the present relationship, the main channel for exchange is through the party on all important matters, whether

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party or state. Details are still handled through the ambassador, but for the most part he has been relegated to a less influential position. The party channel operates on several levels, i.e., central committee to central committee, exchanges of party delegations, trips by leading party officials between the Satellites and Moscow, and an increasing exchange of documents.

Other means have also been adopted by the USSR to make its control over the Satellites more palatable to the rank-and-file Communists and to the general population and thus probably more effective. At CEMA meetings, for example, Satellite officials are now permitted to express their differing views concerning the problems and policies under discussion. The economic controls exercised through this organization, however, have not been relaxed and continue to serve as a cohesive factor in Soviet-Satellite relations.

A spirit of co-operation in the military field has been noted in the Warsaw pact organization under which the USSR and its Satellites have agreed to establish a unified command of their armed forces. This command is headed by the USSR's Marshal Konev, with the defense ministers of each of the Satellites serving as deputies. The political consultative committee of the year-old organization is headed by a Satellite official, an Albanian, rather than, as would have been the case under Stalin, a Soviet official. By such actions, which cost the Soviet leaders nothing, the prestige of the Satellites is given recognition and they are treated as independent national entities.

A somewhat similar practical gesture by the USSR was the

abolition of the Cominform which was regarded by many in the Satellites as the symbol of the USSR's direct control over them.

The Risks Involved

The new Soviet approach to the Satellites, while giving the appearance of greater independence, is intended to lead to a more effective means of control by enlisting more willing co-operation. Whatever its technique of control, the Soviet Union is determined to ensure that the Satellites continue to maintain a Socialist (Communist) state structure, preserve a monopoly of political power for the Communist parties, and assure military, economic and foreign policies compatible with Soviet interests.

Soviet power in the Eastern European bloc continues to rest primarily on two factors: the presence or availability of Soviet armed forces; and the loyalty of the thoroughly trained Communists who lead and control each Satellite country. There is no question that the USSR can continue to rely on these leaders. They derive their power from the USSR and its backing, and therefore have no desire for independence from Moscow. Moreover, as well-trained Communists, they would try very hard not to take any actions that would harm the USSR, the central base of Communism.

The present top Satellite Communist leaders would not desire, much less try, to break away from Moscow or to set up more liberal internal policies unless directed to do so by the Kremlin. These strong loyalties are less apparent, however, among party intellectuals and members of the middle and lower ranks, many of whom joined the party during the first flush of postwar hope

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and enthusiasm and who have since been disillusioned by the events of the past ten years.

Open Discontent: Dissidence, discontent and open demonstrations have appeared in one or another of the Satellites since the 20th Party Congress in the parties and in student and intellectual circles. This has not been of sufficient magnitude to represent a serious threat to the regimes. Such behavior, however, is symptomatic of the deep-seated and widespread hatred for Stalinist forms of control that continues to seethe beneath the surface in Eastern Europe.

Moscow's dilemma, and the basic risk it is taking, is how to placate these feelings and if possible guide them gradually into productive channels without also causing their explosive and destructive release and perhaps forcing the USSR to intervene forcibly. It is at this point that Moscow appears to be most vulnerable in the long run as the corps of tried and tested Satellite leaders gradually dwindle and as, perhaps, less loyal leaders take over in each Satellite.

Gradual Change: The benefits which Moscow hopes to gain from its policy of permitting the Satellites some degree of freedom and independence could easily be lost should there be too rapid a series of changes in the Satellites which would force the USSR to return to a coercive policy in order to hold its dominant position over these countries.

Two recent events indicate that the USSR would not hesitate to intervene directly in the Satellites if it felt such action was warranted by a critical threat to its control.

In Poland, following the death in mid-March of Polish party first secretary Boleslaw Bierut, Khrushchev is reported to have personally intervened to ensure the selection of Ochab as Bierut's successor. Moscow has also directly intervened in Hungarian internal affairs to ensure that the unpopular and unwanted Hungarian party first secretary Rakosi was not ousted by powerful dissident elements in the Hungarian party.

Internal Difficulties: The hard-core Moscow-trained Communists in the Satellite parties will be able to assist Moscow in maintaining its control, but they too, as the USSR's instruments, are faced with difficult internal problems within the parties, such as holding down the drive of liberal-minded party officials for greater party democracy. If the demands of the liberals are acceded to in part, their pressures for change will probably lessen, but on the other hand the very changes made will probably create new problems for the party leaders.

The statements made in the final communiqué concerning party matters following the recent Tito visit to Moscow reiterated strongly the Soviet and Yugoslav view concerning the theory of different roads to socialism. Such statements undoubtedly encourage liberal party elements in the Satellites--as have other steps by the USSR which have placated Tito--to continue to press their demands for a change. The phraseology of the communiqué suggests that there will be no immediate change in the USSR's plans to move ahead with its loosening of ties in the empire.

Conclusions

The Soviet leaders are believed to have appraised the

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situation in the Satellites following Stalin's death and to have concluded that a continuation of the strong Stalinist methods of control would, by stimulating the growth of nationalism and anti-Sovietism, in all probability prevent the consolidation and strengthening of the Soviet empire. While recognizing the dangers inherent

in a liberalization of their control methods, the Soviet leaders decided it was less dangerous than the alternative. The new Soviet program is in essence a calculated risk taken in an effort to make the Soviet bloc a more effective and manageable coalition of Communist states tied together by common interests.

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THE ALGERIAN MILITARY SITUATION
PART II--FRENCH FORCES

French forces in Algeria, now approaching 400,000 men, are engaged in a double mission of protection and pacification. The major role is played by infantry units equipped with maximum air power in modern small arms. Mobility is provided primarily by light armored vehicles and helicopters, while jet and piston fighters contribute tactical and other important air support.

Strength

French strength is believed to be just under 370,000 men--roughly one third of all French forces. Approximately 310,000 of these are army troops, 30,000 are in the French air force, 6,000 in the navy, and 22,000 in the gendarmerie.

This is a fivefold increase over the approximately 70,000 men of all services stationed in the area prior to the outbreak of the rebellion in November 1954 and more than double the number there only six months ago. Reinforcement reportedly will continue until a peak somewhat in excess of 400,000 men is reached, after which rotations and replacements are expected to maintain a balance.

This rapid build-up has been accomplished by large-scale transfers from France, Germany, West Africa and Indochina, by the retention of conscripts beyond their normal 18-month service period, and by the recall of all but one available contingent of so-called "ready reservists."

Composition and Disposition

The greater part of this strength consists of Frenchmen of metropolitan or Algerian origin.

Despite some dissatisfaction among recalled reservists and the adverse effects which fatigue and limited furloughs have had on morale in certain areas, these troops have been dependable and of a high caliber. However, some 30,000 or more native North African troops are of doubtful loyalty and limited usefulness. There are about 15,000 additional African Moslem troops, primarily from French West Africa, whose discipline may in time be undermined by sympathy for their coreligionists. Foreign Legionnaires, numbering slightly over 15,000, have been generally reliable and effective.

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Most tactical French army forces in Algeria are either infantry or are functioning in that capacity, as is the case with practically all antiaircraft and most field artillery units. There is, however, one armored division and a limited number of other armored units which play an occasionally useful but much less important role.

Army elements are located throughout the north and at strategic points in the southern desert territories, but the principal concentrations are in the northeastern sector, the Kabylie region and the area from Oran to the Moroccan border.

A large percentage of the flight and service personnel manning most French air units in Algeria are there on six months' rotation from jet fighter groups in Europe. Air force conscripts with no relevant technical specialties have been organized into at least

six light infantry battalions which are being employed in both a static and combat role.

Airmen are based at about 20 scattered installations of varying size, but most of those actively engaged in the present conflict are located at nine or ten principal airfields in the Oran, Algiers and Bone-Constantine areas. Some personnel apparently operate from bases in Tunisia close to the Algerian border.

French navy units consist of both shore-based and sea-going personnel. They are stationed primarily at the important naval installations in Mers-el-Kebir, Algiers, Lartigue and Arzew, as well as at port facilities at Philippeville, Bone and Oran. Three navy commando units, possibly augmented recently by a fourth, are operating with the army in the Constantine region.

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Command Structure

Although basic policy decisions are made in Paris, actual operational control of the forces rests with the minister residing in Algeria, Robert Lacoste. He exercises this jurisdiction through the commanding general of the Tenth Military Region, at present Lt. Gen. Henri Lorillot, who is the senior responsible military officer in Algeria, with supreme authority over all air force and navy, as well as army and paramilitary units.

The Tenth Military Region, embracing all of Algeria, is broken down into three territorial divisions and the southern territories. Generals, each with powers equal to a corps commander's, are in charge of the divisions, which coincide with the departments of Oran and Algiers and the combined departments of Bone and Constantine. These divisions in turn are divided into five or six territorial subdivisions headed by civil or military governors where active operations are now in progress.

When the need arises, these subdivisions become operational zones under the jurisdiction of the ranking commander of the military units sent into the area. The subdivision governor then becomes an assistant to the military unit commander. There is a separate over-all commander for the forces stationed in the southern territories.

Equipment

Ground mobility is provided by fast motorized vehicles, including armored cars, trucks and light tanks. Although the tactical usefulness of the latter is limited, their very presence in some areas has produced favorable psychological effects. All vehicles are in an excellent state of maintenance.

Parachute and air-borne units are carried by transport planes and, increasingly, by helicopters originally employed principally for evacuation of the wounded. At present the French services have an estimated 60 or 70 helicopters in the area. They consist largely the light models capable of transporting five to eight men but include also at least seven 20-passenger twin-rotor assault models.

A high priority foreign procurement program, particularly in the United States where most of the machines now in use were manufactured, has been under way since March. Its goal is to increase France's total helicopter strength in Algeria to over 200 by the end of the year.

The firepower of the infantry troops is furnished principally by standard and automatic rifles, light and heavy machine guns, grenades and mortars. Motorized 105-mm howitzers are occasionally brought into action and there are some 155's, rarely used, on hand. In general, heavier artillery or armor has not been practical and such items have been left behind by recently transferred units.

Close tactical air support of ground forces engaged with easily identified rebel bands is supplied by some 50 Mistral jet fighters, considered the best operational plane in North Africa for this purpose. However, the requirements of many fire-support and all reconnaissance and escort missions have called for a preponderance of lighter, slower-moving, low-performance piston fighters and trainers. Probably some 60 percent of the approximately 500 French planes estimated in the area fall in this category, with US-built F-47's and T-6's figuring prominently. A considerable further build-up of aircraft strength is expected.

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Naval vessels of the Mediterranean Fleet reported active in North African waters in recent months include one cruiser, several destroyers and about 30 coastal patrol vessels of escort size and smaller.

Although, with the exception of helicopters, no serious materiel shortages have appeared, the American army attaché in Paris reported earlier this month that the French could use additional light armored vehicles, more and better-adapted aircraft of various types, and longer-range portable radio communications equipment.

Mission and Tactics

The greater part of French forces in Algeria--reportedly up to 75 percent in some areas--is engaged in an essentially protective function under the basic French policy of "quadrillage." This aims at covering potential enemy targets throughout rebel-infected areas with small detachments of troops whose mission it is to forestall or repel attacks and to ensure the loyalty of Moslem communities.

Troops have thus been stationed in or near remote villages where they have established observation posts and a perimeter defense. These units sometimes consist of an entire company but are more frequently limited to platoon or even squad size. Other troops have been assigned to protect isolated farms, particularly those of Europeans, and rail and road communications.

These missions are generally executed by motorized or foot patrols carrying small arms and two-way radio equipment. Where necessary, special military trains are sent out daily to clear tracks of ambushes and both trains and stations operate under armed guard.

Offensive actions are usually spearheaded by the helicopter-borne task force. These units, still limited to 25 to 30 men by the number and size of helicopters available for local operations, are used as shock troops in surprise assaults upon bands of up to 100 rebels whose position has been established by intelligence or by ground or air observers. Their mission is to engage or contain the rebel group until reinforcements can be brought in by ground and air. Tactical air support directed from command posts at Telergma and Oran sometimes accompanies this type of operation, which the French hope to extend with the acquisition of more and larger helicopters.

When information is received of larger rebel concentrations or of the location of an important supply depot, forces of battalion strength or greater are used. Air-borne and parachute troops are frequently deployed in these operations which are characterized by broad ground sweeps designed to drive the rebels into a series of ambushes set up by other French units. Recently several such sweeps, co-ordinated with tactical air and mortar support, were reportedly carried out in the Kabylie region by French forces of division size.

The French are also making a major effort to seal off the nationalists' most important supply lines. Special "no-man's-land" border zones extending from the sea into the desert on both sides of Algeria are being created in an attempt to halt known or anticipated movements of personnel and logistical support from neighboring Morocco, Tunisia and Libya. Villages, farms and people are being evacuated and dwellings demolished in these zones which are to be patrolled by aircraft.

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The prevention of smuggling by sea is the primary mission of those elements of the Mediterranean Fleet which operate in North African waters. However, naval vessels and personnel have also participated in at least one combined land-sea-air operation involving an amphibious landing by naval units and offshore fire support.

Evaluation and Prospects

Aside from the difficulties posed by the nature of the terrain, the enemy and the Moslem civil population, French offensive capabilities are still limited by the need to divert large numbers of troops to protective duties and by the fact that efficiency in the type of warfare required is gained only by lengthy training and experience.

Nevertheless, French leaders are reportedly hopeful--though more cautiously so in private--that the security forces will be able to record solid achievements by fall, at least in the north-eastern sector and parts of the Kabylie region. They are concerned, however, lest French successes in the countryside cause the rebels to shift their emphasis to urban terrorism.

Should this danger materialize to a significant extent in cities where large numbers of Moslems and Europeans reside in close proximity, the chances of a communal explosion would be greatly increased. Prospects, already none too bright, for the eventual reconciliation which France hopes to negotiate from a "position of strength" would be correspondingly dimmed.

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RECENT TRENDS IN SOVIET TRADE WITH THE FREE WORLD

The record of Soviet foreign trade in 1955 illustrates a change from the USSR's earlier policy of limiting East-West trade which had dictated Soviet economic relations with the free world since World War II, and in large measure its international trade since the late 1920's.

Until recently, the USSR ended each year with a deficit balance, having imported more goods than it exported. However, as a result of a striking increase in exports to the free world and a concomitant slight reduction in imports, Moscow ended 1955 with a favorable trade balance of almost \$75,000,000 and a total trade turnover of about \$1.2 billion. As a result of the favorable

balance, Soviet gold sales last year were somewhat below 1954 and considerably below 1953.

Soviet imports from the free world last year declined about 5 percent, almost entirely as a result of the cessation, for political reasons, of trade with Australia. Western Europe, traditionally Moscow's most important Western source, exported about \$423,000,000 to the USSR, slightly more than it shipped in 1954.

Moscow's exports to all free world areas increased in 1955. The largest increase was in exports to Western Europe, where Soviet sales were an impressive \$534,000,000, about 25 percent higher than in 1954.

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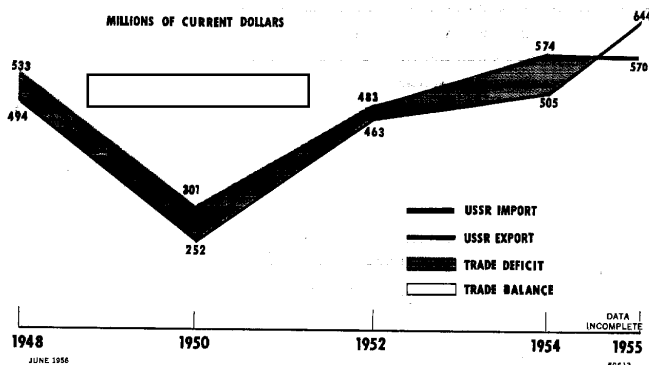
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The Soviet economy has now reached a position where at least modest amounts of most types of capital goods can be exported without appreciably slowing the rate of domestic industrial growth. At the same time the USSR is beginning to feel the effects of population pressure on the food supply; and the relatively high-cost domestic sources of some raw materials such as bauxite, copper, and other nonferrous metal ores are being depleted. These developments provide, in part, the motivation for increased Soviet trade with industrially undeveloped countries which produce raw materials. Nevertheless, the USSR's total trade with the industrially undeveloped countries of Africa and Asia was only \$95,000,000 in 1955.

The first-quarter statistics for 1956 suggest that Soviet trade this year will

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probably follow the 1955 pattern of increase. Western Europe will probably again be the USSR's major market and source of supply. Soviet trade with the Asian-African countries will increase substantially this year, but will remain a small proportion of over-all Soviet-free world trade. Moscow will undoubtedly continue to make propaganda capital of its trade with the industrially undeveloped countries, despite the relatively low volume involved.

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PATTERNS OF SOVIET EXCHANGE PROGRAMS WITH INDIA

The Soviet cultural and technical exchange program with India is the clearest and most extensive example of Soviet tactics of this type designed to win the confidence of an industrially undeveloped country. Because of India's stature among other Asian countries, Moscow sees in India an effective instrument for promoting policies of neutrality in the area. In 1955, the Soviet bloc expenditure

for trade fairs in India was greater than in any other non-Orbit country.

Indian individuals and groups have been receptive to exchanges, and the Indian government has encouraged them. The visits of Nehru and an Indian parliamentary delegation to Moscow in June 1955 established the basis for an expanded

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exchange program. Indian vice president Radhakrishnan said in Moscow this month that as a result of the cultural and trade delegations in the past year, Soviet-Indian relations have become closer. Indian education minister Maulana Azad expects a Soviet-Indian cultural agreement formalizing present agreements to be signed before his trip to the USSR in July.

Cultural Exchanges

The USSR is presenting a myriad of benevolent images, each tailored to appeal to various segments of the Indian people. Religious and ethnic groups, especially from Soviet central Asia, have brought to India a rosy picture of the status of minority cultures in the Soviet Union. Indian press reviews state that these visits are making the greatest impression of any of the cultural groups.

Soccer, volleyball, hockey and gymnastic teams from the USSR have reached out to other groups, particularly students. One Soviet sports publication noted that "every new record and every fresh success by our sportsmen in international matches--all are victories above all for Socialist culture." Another gave the objective of Soviet teams as being "graphically to demonstrate to the whole world the advantages and strengths of the Soviet system."

Besides inviting India to send more than 1,000 youths to the World Youth Festival in Moscow in 1957, the USSR announced that Soviet teachers may soon enter India to teach Russian. In turn, the Indian ambassador in Moscow reportedly estimated--although probably extravagantly--that there are 21,000 Russians studying Hindi or Hindustani in the USSR.

Technical-Level Exchanges

Soviet interest in India is particularly evident in Soviet technical assistance offers. Because of its desire for speedy industrialization, India will probably be increasingly receptive to the Soviet offers.

As early as 1954, Moscow offered medical assistance programs, in July 1955 it volunteered to help India develop nuclear research activity, and in April 1956 Mikoyan made available Soviet services in training workers and supplying equipment for an oil industry in India. India is planning to send 500 engineers to the Soviet Union for training to help run India's three new steel plants, one of which is being built by the USSR. This will be the largest group from a non-Communist country to receive Soviet technical training. It remains to be seen whether Russians and Indians on the working level will be able to operate together without friction.

The USSR has presented exhibits of textiles, arts and crafts, toys and other consumer goods, as well as machine-building and machine tools. In return, it has held extensive exhibits in the Soviet Union of Indian arts and crafts.

The USSR's interest in associating itself with India's vital economic, social and technological activities is increasingly apparent. The Indian government, which believes that Russia's new "peaceful" attitude will be strengthened as its citizens gain experience in the outside world, will be willing to cater to this interest as long as it perceives no threat to its domestic or international position in doing so.

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